

The Financial Times of Indiana

Budget and Tax News from the Office of Governor Frank O'Bannon

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The News in brief...

Special Session to focus on job creation

As the time for special session draws nearer, Governor O'Bannon and Lieutenant Governor Kernan continued traveling the state to spread the word that Indiana must have a balanced budget and a new tax structure to meet the changes of a 21st Century economy.

The Governor yesterday visited a science lab at Indiana University-Purdue University Indianapolis to showcase the importance of the 21st Century Research and Technology Fund. Scientists at the Center are using a grant from the Fund to study how certain amphibians re-grow lost limbs and other tissue.

If the Regeneration Center is successful, it will create a "biomedical cocktail" that can be used to help humans repair – by regrowing – diseased or injured tissue. Indiana bio-medical companies would market that discovery, along with any others, which would create new jobs in addition to those created at the research facility.

Standing with the scientists and Senator Vi Simpson, O'Bannon said most lawmakers are prepared to work for Indiana during the special session, but he called on **all** lawmakers to step up to the task they were elected to complete.

"We have lost enough jobs to the recession," O'Bannon said. "If the legislature acts, we have the ability to not just staunch the flow of jobs losses, but to reverse the trend – in effect, to regenerate the era when Indiana was leading the charge of attracting jobs."

O'Bannon, who was forced to transfer money earmarked for additional research grants from the 21st Century Research and Technology Fund when the regular session ended without addressing the state's deficit budget, said a budget solution could help restore the fund and keep investing in Hoosier science.

Senator Simpson called on her legislative colleagues to join those who want to create jobs for Hoosiers.

"We all need to recognize our responsibility to protect Hoosiers, and to do that we need to balance the budget and provide a tax structure that grows jobs. The goal is clear, and we should all just get to work," she said.

Lieutenant Governor Kernan visited Eagle Steel Products in Jeffersonville last week and will join a Central Indiana farmer tomorrow. Governor O'Bannon will travel to Warsaw to meet with Zimmer Inc. researchers who are advancing orthopedics with help from the 21st Century Fund.

In the last few weeks, O'Bannon and Kernan have met with Hoosiers in South Bend, Fort Wayne, Indianapolis, Muncie, Terre Haute, Kokomo, Lafayette and Jeffersonville to demonstrate the special session's link to jobs and education.

In each visit, Hoosier businesses, homeowners and researchers have illustrated the need to balance the budget and restructure taxes – and how reaching those goals will mean better lives for all Hoosiers.

Why does Indiana need the 21st Century Fund?

It's all about jobs. The 21st Century Fund will help Indiana grow good jobs. Created in 1999 at the suggestion of Governor O'Bannon and Lieutenant Governor Kernan and with the support of the General Assembly. Its purpose is to support projects that offer great promise of creating marketable products that would be made in Indiana. Many of the projects leveraged millions more research dollars from private companies and federal government after getting help from the Fund.

Successful research projects offer immediate jobs for scientists and offer new jobs in the future for those who would make and market the scientific discoveries, inventions and advances.

Started with \$50 million, the Fund has committed \$49.2 million so far to projects across Indiana. In 2001, another \$50 million was earmarked for the Fund, but that money was transferred to the state's General Fund this year after the recession caused the state to lose more than \$1 billion in anticipated revenue and replacement revenue was not provided during the regular legislative session. Governor O'Bannon reluctantly agreed to cut the Fund in order to spare Indiana classrooms from additional cuts.

Because the Fund is essential to a bright future in Indiana, the Governor will urge lawmakers in special session to provide sufficient revenue to put the Fund back to work for Indiana as soon as possible. Highlights of currently funded projects include:

- **Improving memory management for palm-size computers**
- **Studying human and insect genes**
- **Using lasers to identify tooth decay before cavities are formed**
- **Transforming hip replacement procedures**
- **Using radio waves to detect breast cancer**
- **Making pharmaceutical processing environmentally friendly**

What Others Are Saying

"A fear of raising taxes should place no roadblock in the legislators' route to restructuring. Their greatest fear should be of failing to get the state's economy back on track and into the winner's circle."

Fort Wayne Journal Gazette, 4-29-02